

Social Accountability and Fair Trade

Module Objective:

Familiarity with the principals, organization and application of social accountability norms and standards



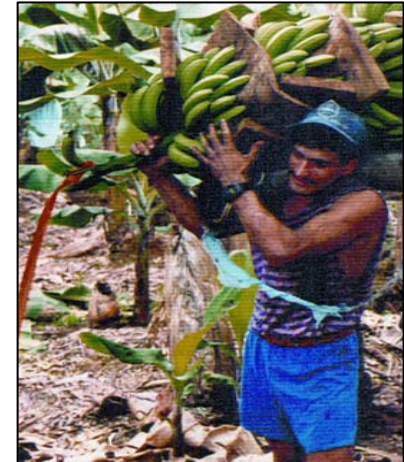
Outline

- Driving forces
- Basics of most systems
- SA 8000 standard
- Principles of Fair Trade



Driving Forces for Social Accountability

- Activist campaigns and bad publicity
- Regulatory weaknesses & effects
- Cost and price pressure
- Financial worthiness and insurance
- Consumer preference



Benefits to Workers

- Fewer injuries and accidents
- Problem and solutions collaboratively addressed
- Better communications with management
- Employment stability and wages



Benefits for Employers

- Improved quality and productivity
- Improved employee retention
- Better relationships with workers, trade unions, customers, NGOs
- Enhanced brand and reputation
- Attract finance and buyers



The Global Response

ILO Conventions and Social Accountability 8000

- Forced labor (29, 105)
- Child labor (138, 182)
- Freedom of association (87, 98)
- Discrimination (111, 100, 35, 154)
- Wages (100, 131, 95, 63)
- Working Hours (1, 30, 63, 47)
- Health and Safety (155, 162)
- Homeworkers (177)

Countries ratifying ILO conventions must integrate them into their national labor laws



SA 8000 Certified Companies

- Coop Italia (Italy)
- WE Europe (Netherlands)
- Dole Food Products (USA)
- Toys R Us (USA)
- VogeLe (Switzerland)
- Timberland (USA)
- Gap Inc. (USA)
- Switcher (Switzerland)
- TexLine (Singapore)
- Social Compliance International (Pakistan)
- Tata (India)
- TNT (United Kingdom)
- Business Social Compliance Initiative (EU)



The SA 8000 Standard Overview



<i>Child Labor</i>	Child labor shall not be used
<i>Forced Labor</i>	People have the right to change jobs and shall not be forced to work
<i>Health & Safety</i>	People must not be endangered at work
<i>Freedom of Association</i>	People have the right to organize and be heard at work through collective bargaining
<i>Discrimination</i>	Hiring, promotions and wages must be equal and fair
<i>Discipline</i>	People must not be abused at work and free from all corporal punishment
<i>Working Hours</i>	Overtime is limited, voluntary and paid at a premium
<i>Compensation</i>	People must earn enough to live on during a regular work week
Management System	A management system is the key to managing ongoing compliance, including requirement for a worker representative



SA 8000 | Normative Elements

- Compliance with applicable laws and regulations
- Universal Declaration of Human Rights
- Universal Convention on the Rights of the Child
- Various ILO Conventions
- ISO Management Systems



SA 8000 | Child Labor

- No use of child labor.
- Remediation of children found to be working below legal age and shall support such children in attending school.
- Promote the education of children and young workers.
- No exposure of children or young workers to situations that are hazardous, unsafe, or unhealthy



Courtesy of ILO



SA 8000 | Child and Forced Labor

- Child and forced labor are not allowed
- Companies are required to promote child education per ILO Recommendation 146
- Companies are not permitted to lodge deposits or identity papers of employees



SA 8000 | Health and Safety

- Safe working environment and adequate steps to prevent accidents and injury
- Appointment of health and safety representative
- Routine and documented health and safety trainings
- Clean bathrooms and potable water
- Sanitary food storage and dormitory facilities if applicable



SA 800 | Right of Association

- Respect right of personnel to form and join trade unions of their choice
- Engagement and/or support of discrimination is prohibited
- Freedom of religious expression
- Mental, physical and verbal abuse are not allowed



SA 8000 | Management Systems (1)

- Written and publicly available policy that defines social accountability and labor conditions in conformance with SA 8000 and applicable laws
- Internal control system to support conformance to policy
- Designated representative to enforce policy



SA 8000 | Management Systems (2)

- Assure implementation of policy
- Routine managerial review and updating of policy
- Written statement and documented evidence from suppliers and subcontractors of commitment to social accountability



SA 8000 | Management Systems (3)

- Investigation of concerns regarding conformance and nonconformance to policy and appropriate corrective action
- Communication with all interested parties performance against the requirements of policy
- Access to records on conformance to policy by interested third parties



SA 8000 | Forced Labor

Common non-conformities:

- Company holds passport or working papers
 - Beware the “voluntary letter of agreement”
- Worker is not given a copy of their contract
- Company holds first month salary as a deposit
- Company requires worker to pay for job training
- Company uses threat of termination as a “tool” for ensuring worker compliance
 - Worker may sign termination letter as condition of employment
- Company requires worker to pay recruiting fee

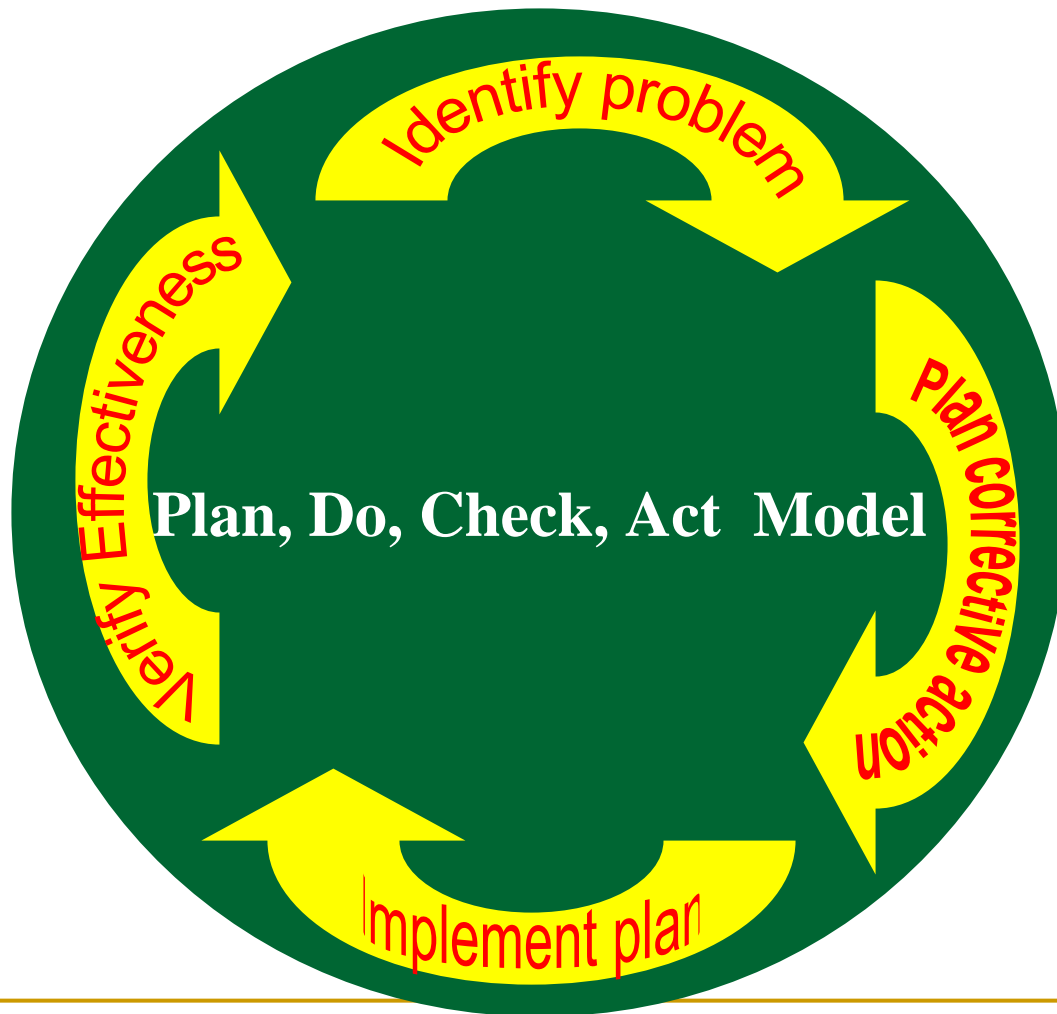


Managing Conformance

Overtime Hours
exceeding limit

Health and safety
concerns – use of
protective gear

Children
hired in
error



Suppliers not
conforming to
requirements

Supervisory
excesses on floor

Discrimination

Wages don't
meet living
wage standards



Basic Differences in Social Accountability Systems

SA 8000

- 3rd party, voluntary
- Management system based
- Applicant contracts audit
- Audit team must consult with external sources
- Effectiveness driven by desire of applicant for certificate

Corporate Codes

- 1st or 2nd party
- Find and fix approach
- Compliance focus
- Brand contracts auditor
- Problems frequently recur
- Brand ultimately determines effectiveness



ISO 26000 – ISO's Answer to CSR

■ What it should be:

- ❑ Description of the principles of SR, definition of SR concepts, issues concerning SR (SR core context)
- ❑ Guidance to help organizations to understand and implement SR
- ❑ Compatible with inter-governmental instruments, including international labor standards

■ What it will not be:

- ❑ A management systems standards
- ❑ A set of certifiable requirements
- ❑ A duplication of ILO and other international initiatives

Another Option | Fair Trade

- Goal is responsible and profitable export trade
- Requires producer organizations
- Benefits of price premium must be distributed throughout community

NUMBER OF FAIRTRADE FRESH FRUIT PRODUCERS PER COUNTRY	
Argentina	3
Benin	1
Brazil	4
Burkina Faso	1
Costa Rica	2
Ecuador	1
Egypt	3
Ghana	8
Mali	1
Mexico	2
Morocco	1
Mozambique	1
Peru	3
Senegal	1
South Africa	22
St. Vincent	1
TOTAL	25

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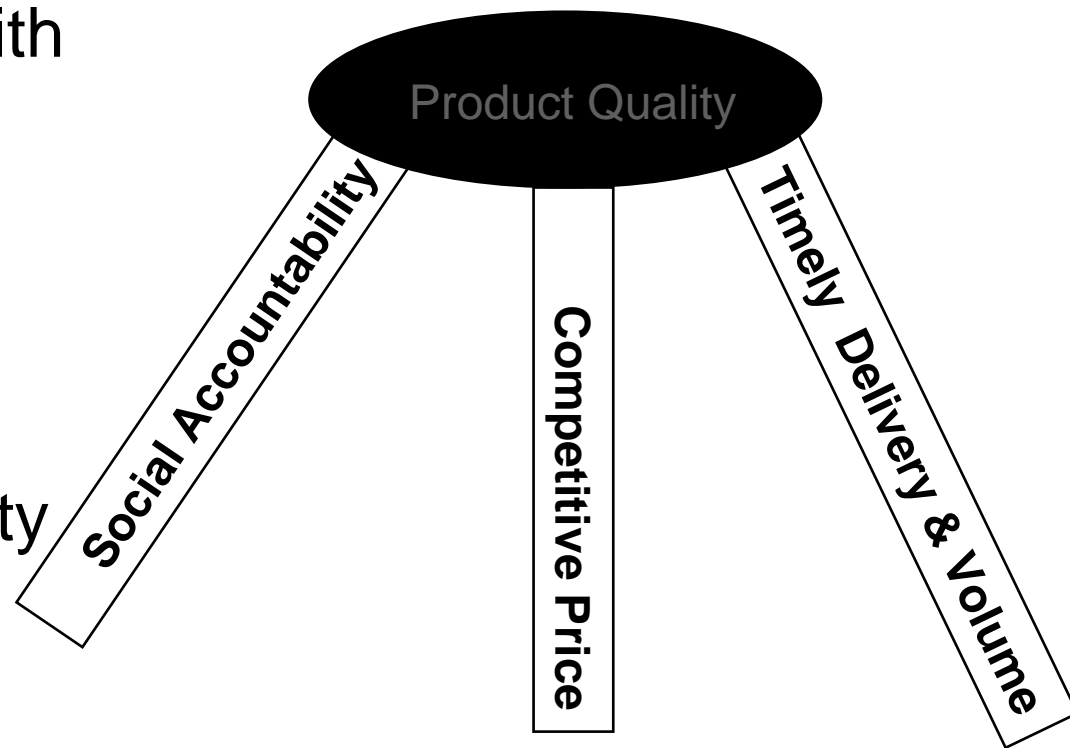
What it means to USAID

- Provides 3rd party assurances for human rights conditions
- Helps reduce abusive practices
- Can shore up labor relations
- Provides monitoring tool for project performance
- Breeds better profitability and success
- Provides market accesses and product differentiation



Social Accountability Summary

- An integral aspect of market competitiveness
- Provides employees with secure and safe work environment
- Creates consumer confidence
- Mitigates risk and improves product quality



Exercise

- Review the Fair Trade price chart comparisons for cocoa and coffee and discuss reasons for the relative stability and if price stability warrants an intervention that targets a small number of producers and requires extensive technical assistance to establish smallholder managed management systems

